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Ex-100-7135

OFFICE OF SPECIAL OPERATIONS

21 October 1949

TO: ADSO

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Via: Chief, ICS

FROM: Deputy Chief, ICS

The present OSO liaison to the Enforcement Staff, Office of International Trade, Department of Commerce, was established in November 1948 by the attached two letters of correspondence between the DCI and Mr. Bernard Gladieux of the Department of Commerce.

The purpose was, and is, to develop evidence against the illegal transshipment of American materials and merchandise from their legal consignees in Western Europe to illegal consignees behind the Curtain; the liaison was directly with OSO by reason of the specific nature of the problem.

The Enforcement Staff, OIT, can upon evidence release to grant licenses for any American company to ship any items on the so-called 1A and 1B lists to any destination.

The 1A and 1B lists are an extensive compilation of strategic items.

At the beginning of the liaison it was carefully established that the Enforcement Staff was the most secure part of Commerce. It is staffed by competent FBI-trained men. Our reports are sent only to Mr. H.A. Blomquist, Chief of the Enforcement Staff, who releases them to no one without our permission. He prefers a person-to-person liaison for security reasons.

The 1A and 1B lists were sent by us to all our postwar missions; information directives supplemented them; the appropriate SOI's had a paragraph added on the subject.

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The Enforcement Staff has been most appreciative of the consequent flow of information and the cases we have traced. Several shipments have been stopped on our evidence. From the viewpoint of directing intelligence procurement and obtaining information permitting immediate U.S. Government action this liaison has been one of the most valuable ever established. I am sure that if the question should arise (IT would prove a very strong supporter of the CIA mission.

Operationally from our point of view the liaison has been successful. The Enforcement Staff has been able to expedite and give licenses without question to certain OSO shipments required for operational purposes. It has provided us with agents in certain ports.

No. There has been only one difficulty in the liaison which has arisen rather infrequently but which has increased somewhat recently. Mr. Blomquist has felt that his was the main liaison to CIA. This is not unnatural from the tone of Admiral Hillenkoetter's letter as well as from the success Mr. Blomquist has had in obtaining information pertinent to his cases which he had hitherto been unable to acquire.

Yes. OCD has long maintained an overall general document procurement liaison to Commerce. An ad hoc arrangement between OCD and OSO has been partially successful since if any question reached us not pertinent to our 'operational' liaison we at once referred the matter to OCD.

OK OO has always refused to release its disseminations to Commerce because of the acknowledged insecurity of Commerce in general and because OO's sources are often competing business men. Here again an ad hoc arrangement between OO and OSO has been quite successful since OO has released to OSO documents pertinent to the Enforcement Staff's cases for OSO to pass to the Enforcement Staff.

Why? OSI has recently established liaison with the Appeals Board in Commerce and with a committee which is drawing up a new Black-or-Watch List. With both of these organs the Enforcement Staff is vitally concerned.

It would strengthen the OSO liaison if the Enforcement Staff could be advised before these various liaison contacts occur. To that end, when an overall CIA problem arises there would be great profit in a mutual consultation between

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the various Offices before anyone speaks in the name of CIA in Commerce. However, more and more problems will develop in these ad hoc arrangements, if liaison, other than document liaison, increases beyond properly and narrowly defined limits. The indiscriminate liaison now increasingly maintained by other Offices of CIA is not only manifestly insecure in general but endangers the OSO effectual arrangement.

*No.* Therefore, since the OSO liaison is to a small and secure part of Commerce, it is possible that, in accordance with the principles of secure handling of documents which form the basis of Administrative Instruction 10-14, the OSO liaison should be the channel normally used for the other Offices. The OSO liaison is particularly appropriate because of the security problems which liaison with Commerce entails.



Deputy Chief, IC&S/O&O

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